

EXHIBIT F-1
PUBLIC VERSION
(Brown Declaration, Exhibit 21)

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8
9 *Attorneys for Defendant
Google Inc.*

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11 **UNITED STATES DISTRICT COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN JOSE DIVISION**

14 IN RE: HIGH-TECH EMPLOYEE
15 ANTITRUST LITIGATION
16 THIS DOCUMENT RELATES TO:
17 ALL ACTIONS

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Master Docket No. 11-CV-2509-LHK
DECLARATION OF FRANK WAGNER
IN SUPPORT OF DEFENDANTS'
OPPOSITION TO PLAINTIFFS'
MOTION FOR CLASS
CERTIFICATION

I, Frank Wagner, declare:

1. I am Director of Compensation at Google Inc. ("Google"). In that capacity, I am
familiar with Google's compensation, including salary, bonus, and equity, as well as Google's
general recruiting practices. I have personal knowledge of the facts set forth in this Declaration
and, if called to testify, could and would testify competently thereto.

I. EDUCATION AND PROFESSIONAL BACKGROUND

2. I received a Bachelor of Science degree in business administration from the
University of California, Berkeley, and a Masters in Business Administration in Finance from

1 the University of California, Berkeley-Walter A. Haas School of Business. Prior to Google, I
2 was a Principal at Hewitt Associates, a compensation consulting firm, from 1986 to 2007, and
3 was the Manager of Compensation and Benefits at Herbalife from 1984 to 1985.

4 **II. POSITION AND JOB DUTIES AT GOOGLE**

5 3. In April 2007, I joined Google as the Director of Compensation. I have
6 approximately 25 direct reports. As Director of Compensation, I manage all aspects of
7 compensation for Google personnel worldwide, including base salary, bonus, equity, and
8 recognition awards.

9 **III. GOOGLE'S COMPENSATION**

10 4. [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED] Attached as **EXHIBIT A** is a
15 presentation I delivered on October 30, 2007 to engineering managers at Google that summarizes
16 Google's compensation philosophy and practices during the period 2005 to 2009. This
17 presentation also reflects the broader compensation philosophy and principles, as well as certain
18 practices, that Google continues to apply today. Attached as **EXHIBIT B** is another
19 presentation, which I delivered in April 2009, that also reflects Google's compensation
20 philosophy and practices, and that provides additional detail about the overall market
21 benchmarking process (described further below) that Google used during the period 2005 to
22 2009 to set compensation, as well as the general benchmarking process and certain practices that
23 Google continues to apply today.

24 5. [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 A. Base Salary & Benchmarking
7 6. [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED] [REDACTED]
13 [REDACTED]
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24 [REDACTED]
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28 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 9. [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 10. [REDACTED]
15 [REDACTED] There are thousands of job codes at
16 Google (e.g., Software Engineer, level 3) that are spread across hundreds of job families, such as
17 software engineers, sales product managers, site reliability engineers, and financial analysts. For
18 example, the job family of software engineer consists of seven sublevels (levels 3 to 9) and the
19 Vice President level.
20 11. [REDACTED]
21 [REDACTED]
22 12. [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]
27 [REDACTED]
28 [REDACTED] When Google uses the term “internal equity” in the context of

1 compensation, it means that Google employees should receive equitable compensation treatment
2 based on their performance, and that therefore there should be variation in compensation for each
3 employee that corresponds to each employee's performance and contribution to the company
4 relative to other employees.

5 13. [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 14. [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 15. Merit-based salary adjustments and promotion salary adjustments occur annually
18 and are based on an employee's performance during the previous four quarterly cycles. During
19 approximately 2005 and 2006, Google made compensation decisions in February that would be
20 retroactive to January 1st. In 2007, Google switched the compensation setting process to the fall
21 and any changes in compensation were made prospectively to January 1st. Google also awards
22 promotions to eligible employees in the fall and spring.

23 16. [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED] An example of this
algorithm is depicted on the chart on page 11 of EXHIBIT B. [REDACTED]

28 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 **B. Bonuses**

6 **1. Annual Company Bonus**

7 17. On top of base salary, an employee's compensation also includes various potential
8 cash bonuses. [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 18. All employees hired on or before December 31 of that year are eligible for the
14 annual company bonus. New employees at Google (a.k.a. "Nooglers") who are hired after
15 January 1 will receive a pro-rated incentive payment to reflect time worked. The annual bonus
16 program covers the calendar year and, from 2005 onwards, was paid early in the following year.

17 19. [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

1 20. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 2. Other Special Bonuses

10 21. [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28

1 C. Equity

2 25. A Google employee's compensation package also includes restricted stock known
3 as Google Stock Units (or "GSUs"). [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

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23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

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D. Compensation Change in 2011

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31. Google consistently tries to improve and innovate its compensation and total rewards package. [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] Google also provided a \$1,000 bonus to all employees in 2010. Attached
5 as **EXHIBIT C** is a document titled “Revised Compensation Proposal” dated November 8, 2010,
6 which summarizes Google’s changes to its compensation program that became effective January
7 1, 2011.

8 35. During the latter part of 2010, I was an active participant in the discussions
9 related to the change in Google’s compensation practices. During my participation in these
10 discussions, [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 E. New Hires

14 36. [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED] [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED] [REDACTED]
26 [REDACTED]
27 [REDACTED]
28

1 F. Counteroffers

2 39. When a Google employee indicates that he or she has received an offer from
3 another employer, t [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 IV. GOOGLE'S RECRUITING PRACTICES

15 41. [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 42. Since its Initial Public Offering in 2004, Google has grown significantly. For
22 example, from 2005 to late 2009, the number of software engineers at Google more than tripled
23 in size. The chart that reflects Google's average number of employees per year during the years
24 2001 to 2011 is included as Exhibit XN-04 to the Expert Report of Dr. Kevin Murphy.

25 43. Between 2004 and 2011, Google aggressively recruited and hired from hundreds
26 of employers. [REDACTED]

27 [REDACTED]

28 [REDACTED]

I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct. Executed on November 9, 2012 in Mountain View,
California.


Frank Wagner

Exhibit A

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do not distribute

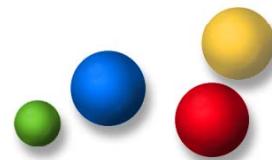


Salary Planning 2007

Presentation to Engineering Managers

30 October 2007

Authors: Frank Wagner, Tiffany Wu



Agenda

- Google's compensation philosophy & background
- Improvements vs. last salary planning cycle
 - Design
 - Process & tools
- Salary planning approach
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- Appendix: Business rules for 2007 Salary Planning cycle
- Q&A



Google's compensation philosophy

[REDACTED]

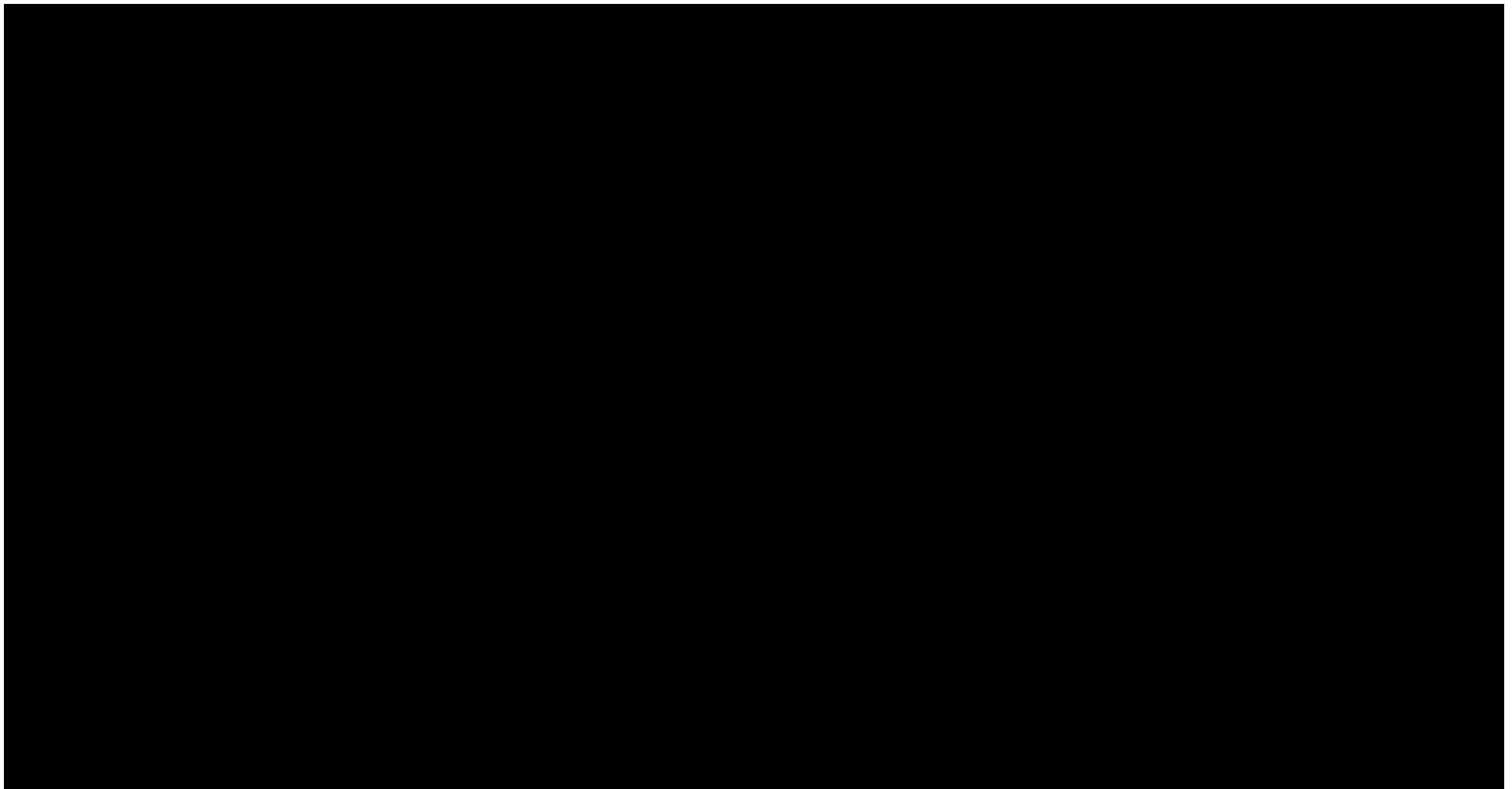
[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

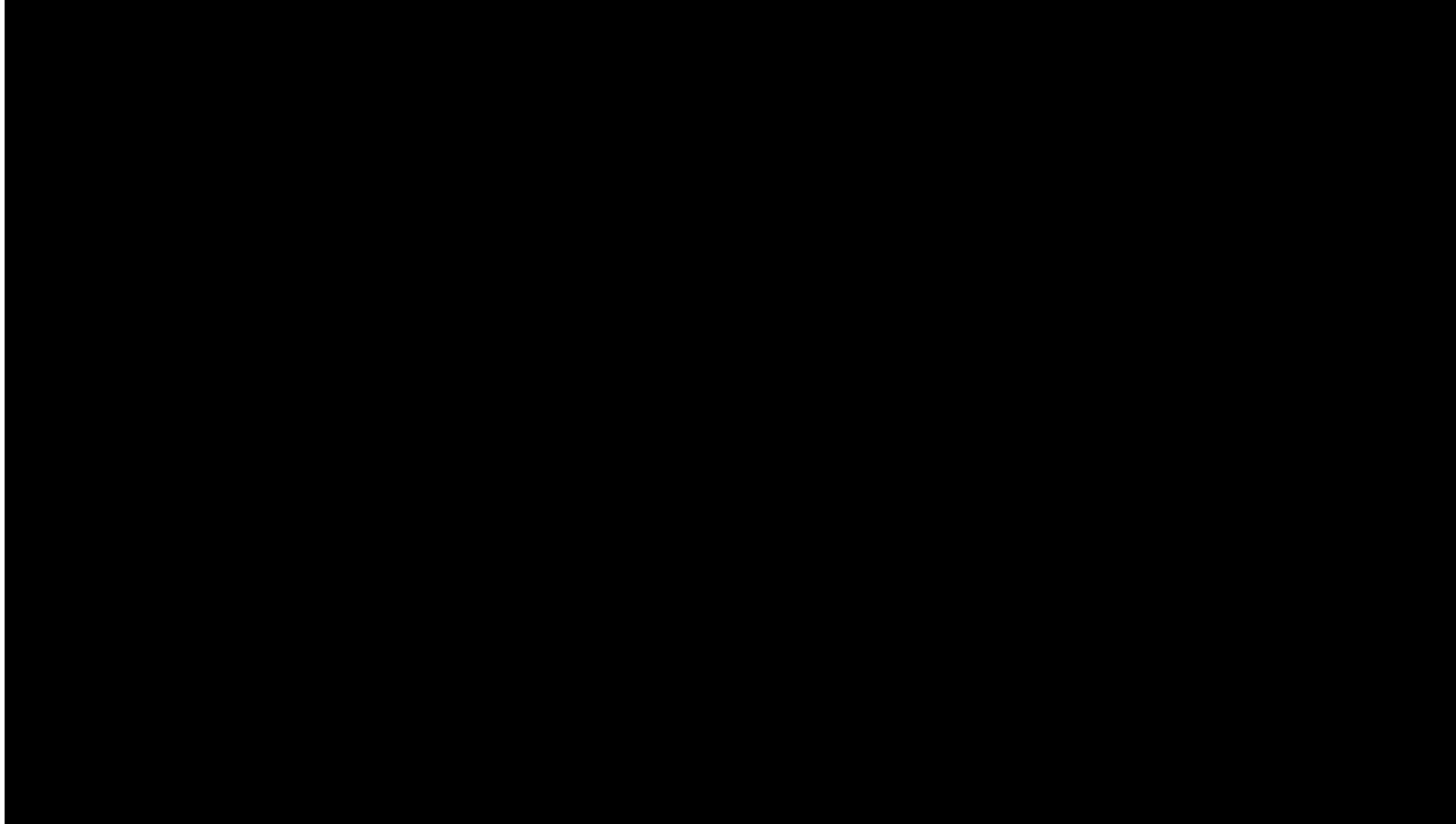
[REDACTED]

[REDACTED]



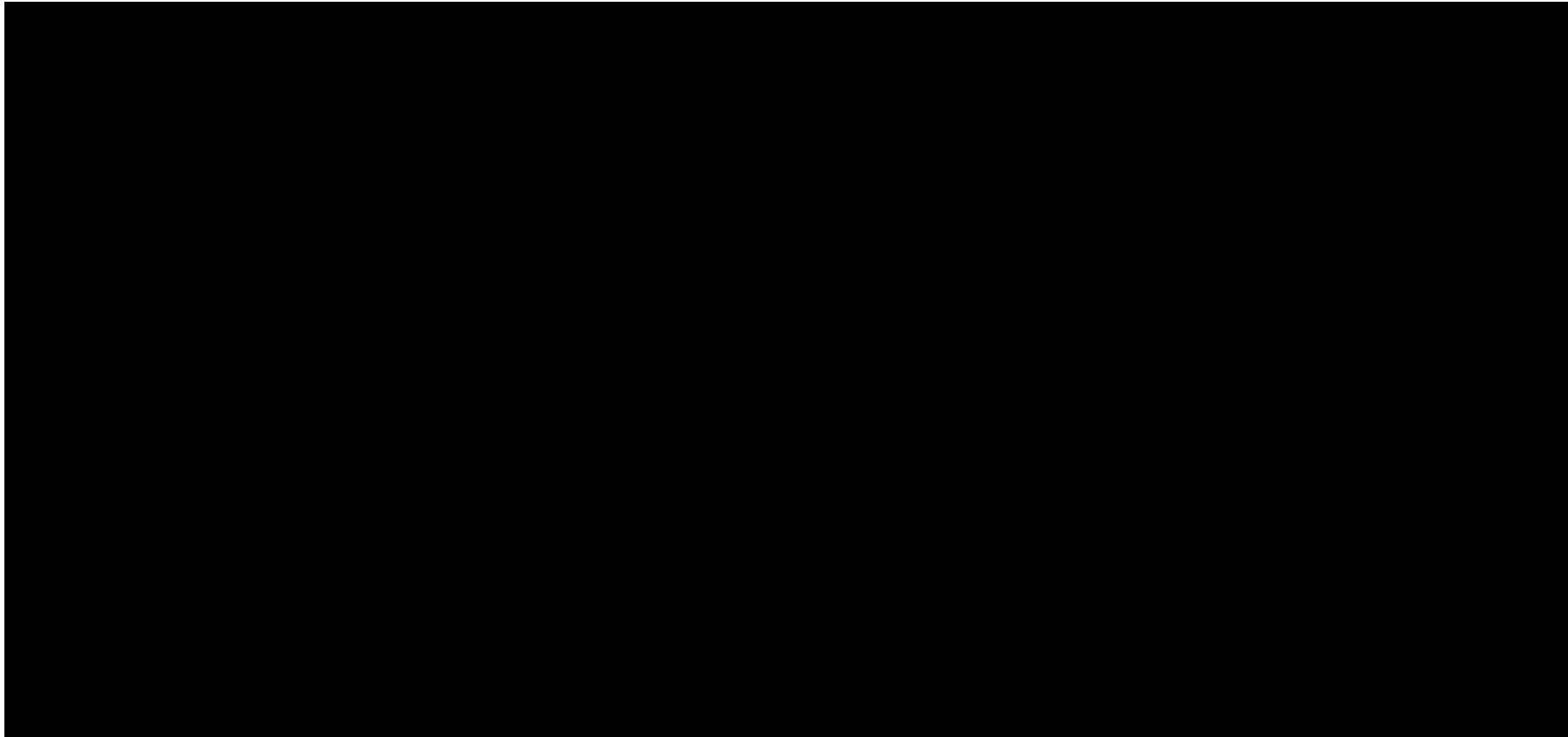


What's our history and where are we today?



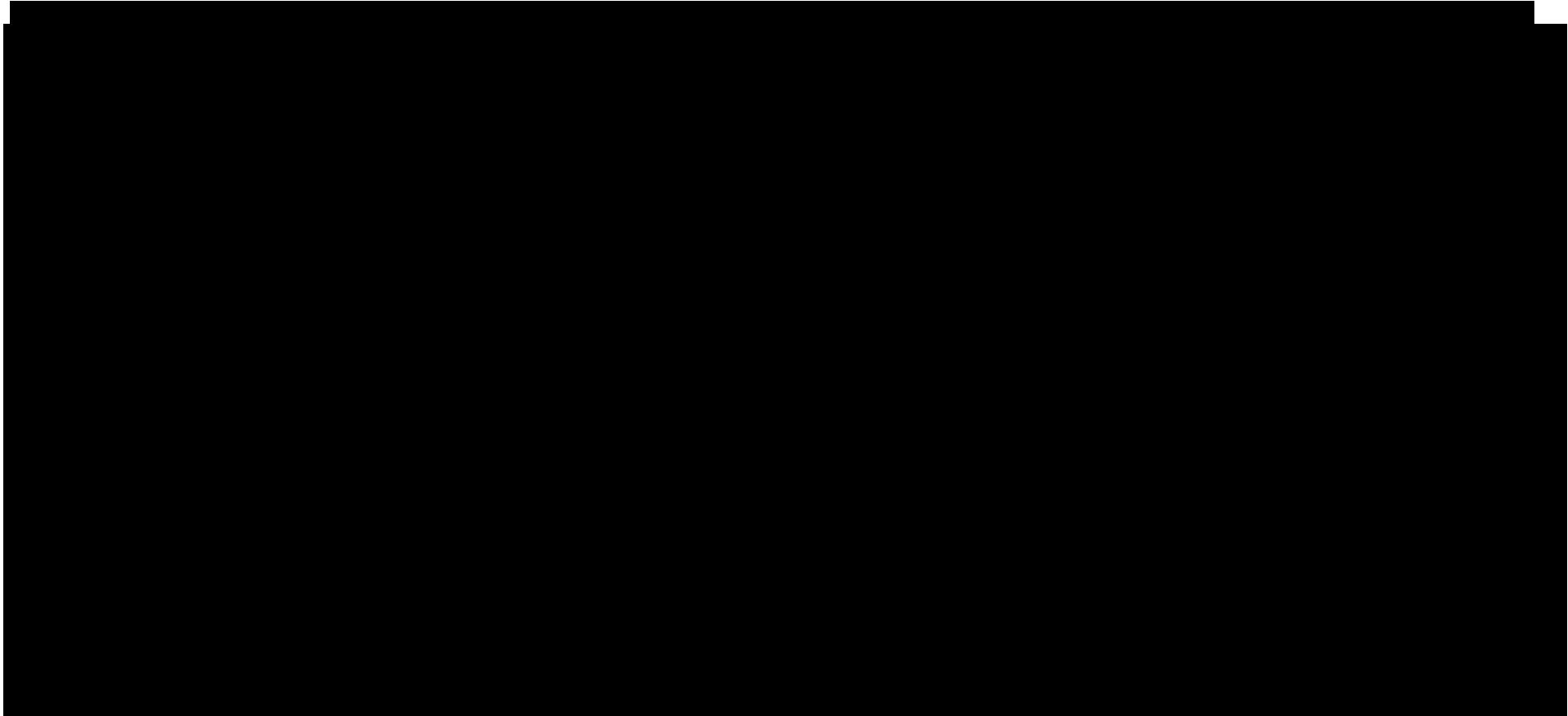
The application of our compensation philosophy

- Base pay

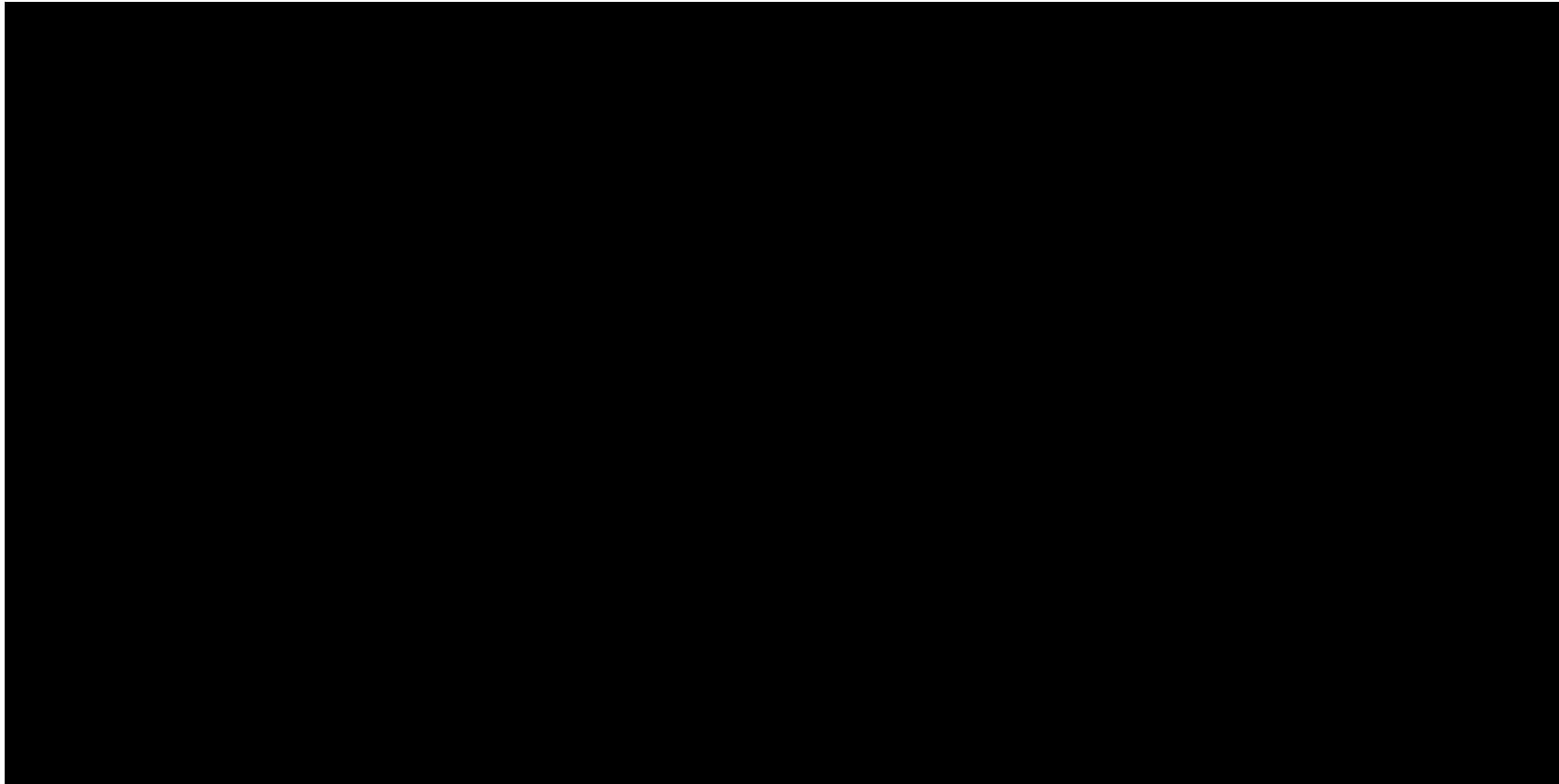


Google total direct compensation over a 4-year period

- Assumes the following:



Level 4 total direct compensation ([REDACTED])



Merit and promotional matrices that drive the modeled amounts available to all planners and managers at gComp help website

Better processes – including GHR data freezes, procedure for managing transfers and data audits prior to launch – to ensure inputs used to drive modeled individual increases are accurate; automated process for syncing data between GHR, PERF and gComp

New, internally developed tool, with feature improvements over vendor tool from last cycle:

Notes functionality and audit trail functionality

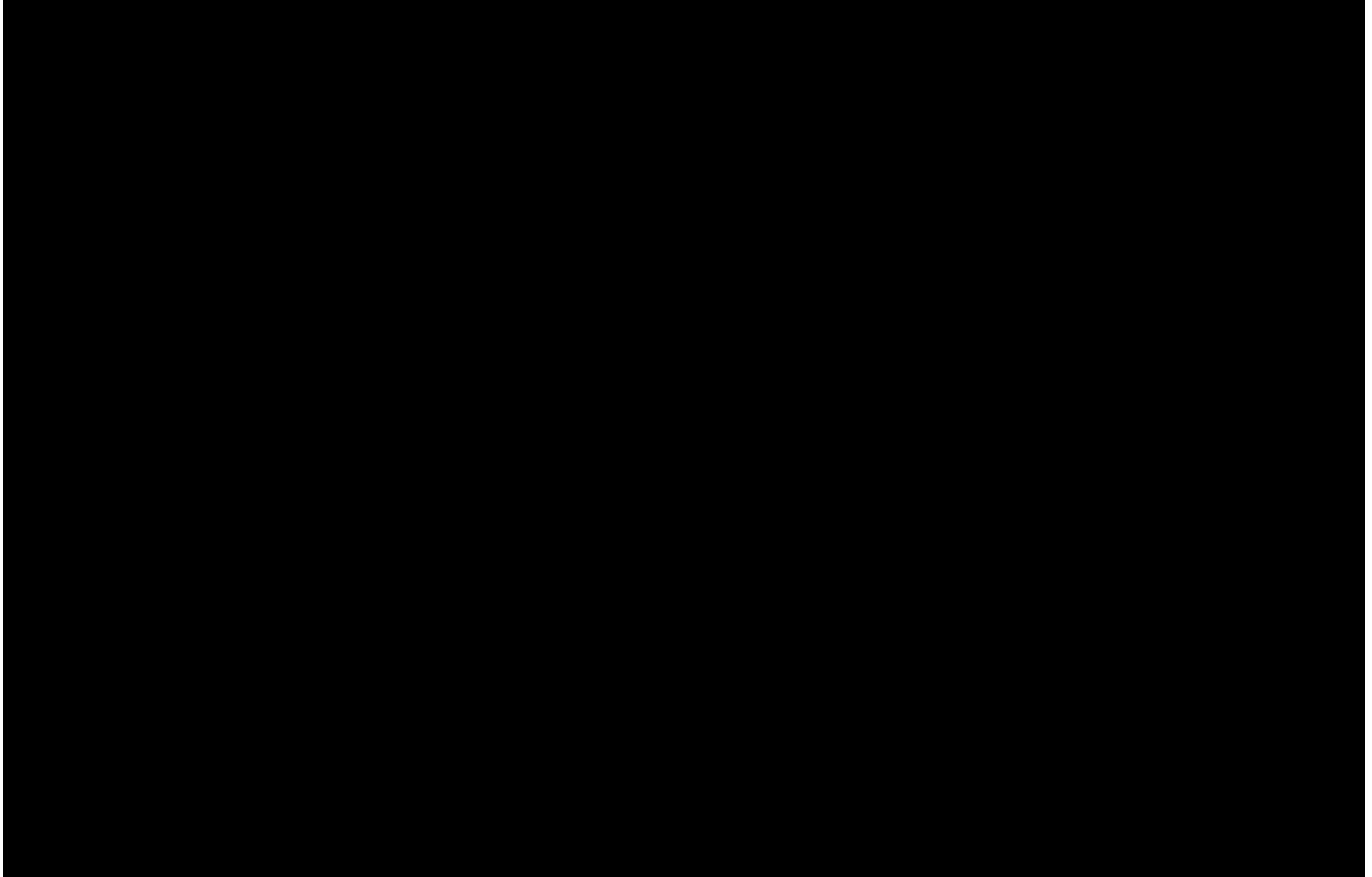
Supports Firefox 1.5+ on Mac, Linux, and Windows and Mac OS

Loaded on Google production servers and tested internationally

Intuitive, easy-to-use currency conversion interface

Planners are able to recommend changes for employees marked for “zero” increases





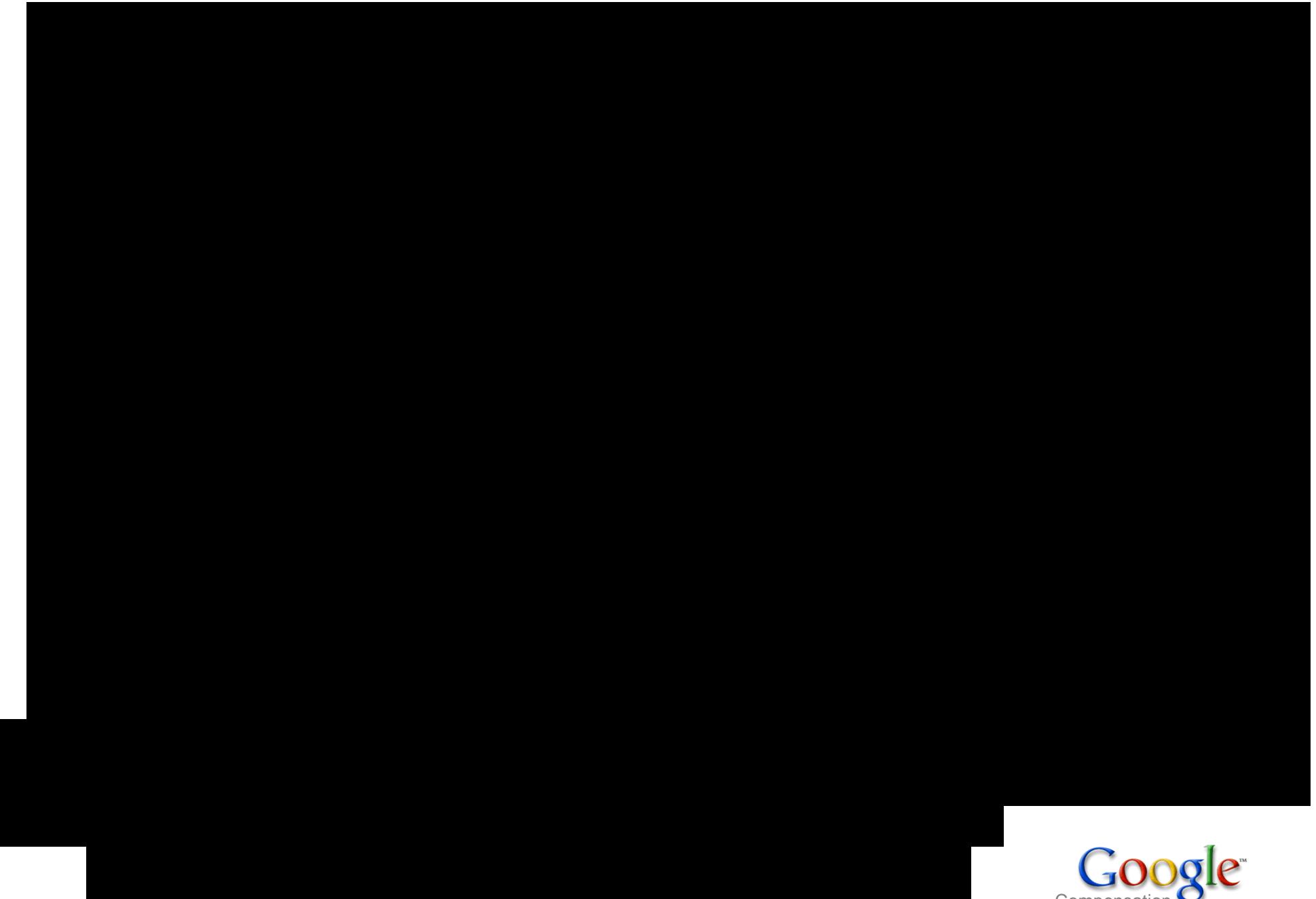
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Compensation

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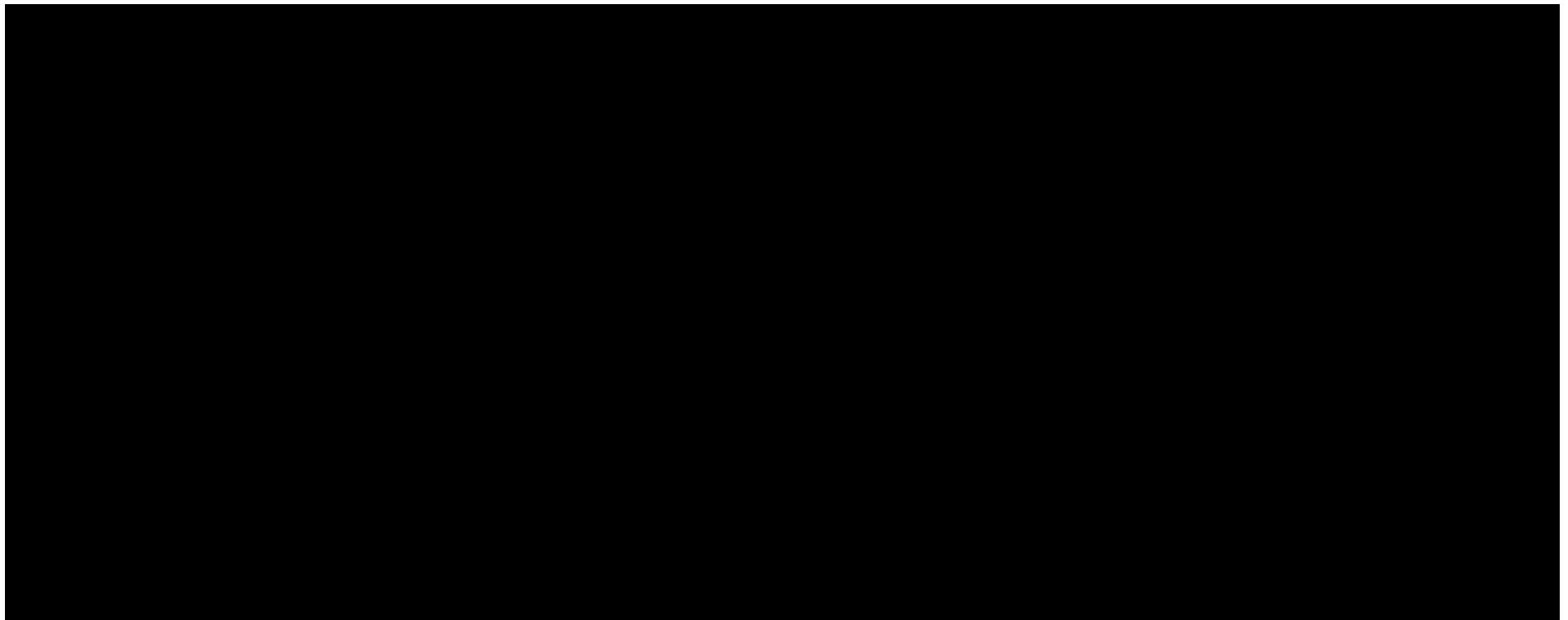
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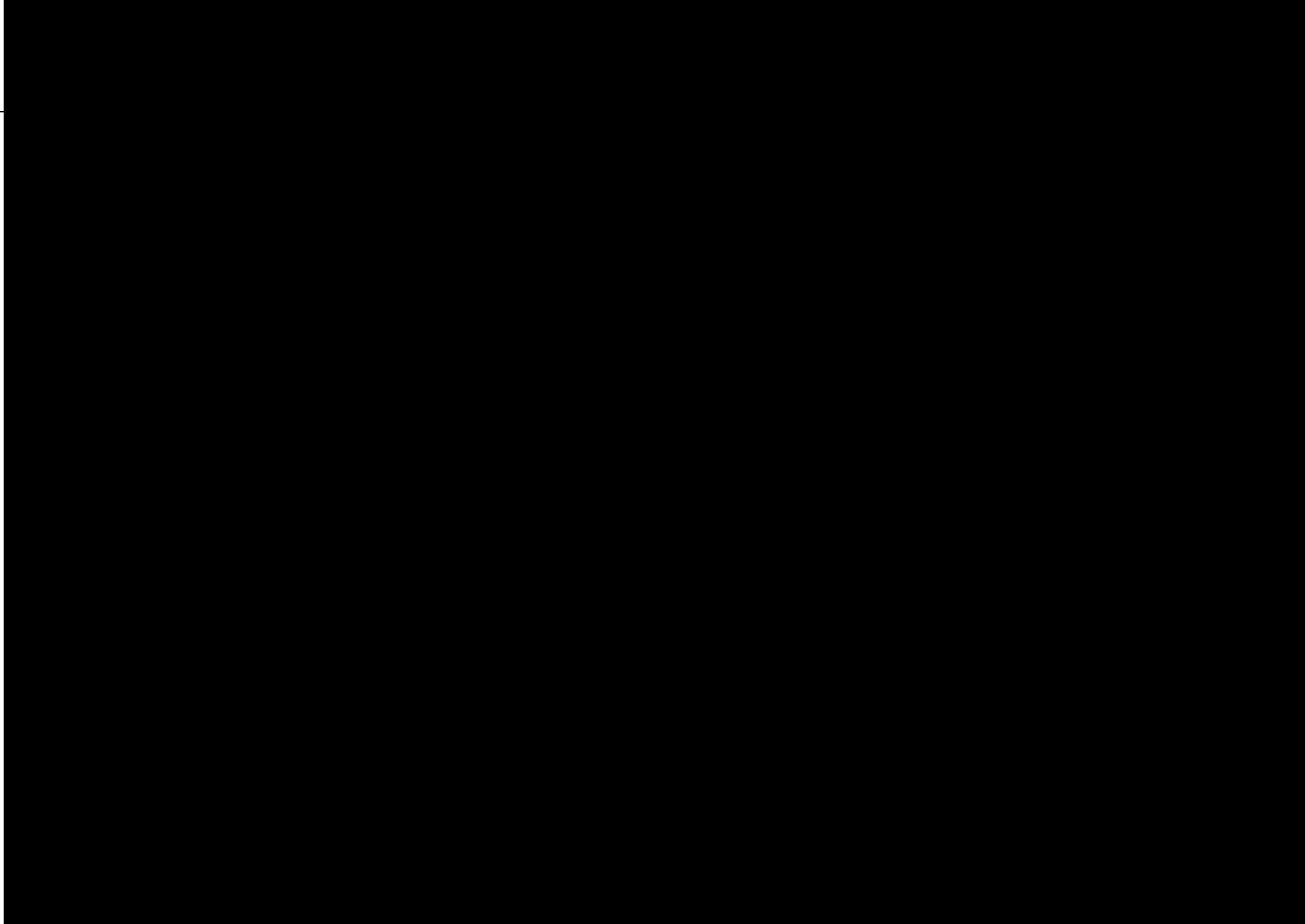
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Budget & Planner Discretion





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Questions & Answers

Thank You!



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Exhibit B

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Salary Benchmarking Overview

Google's Compensation Philosophy & Deep Dive into Benchmarking
April 2009

Content Developers

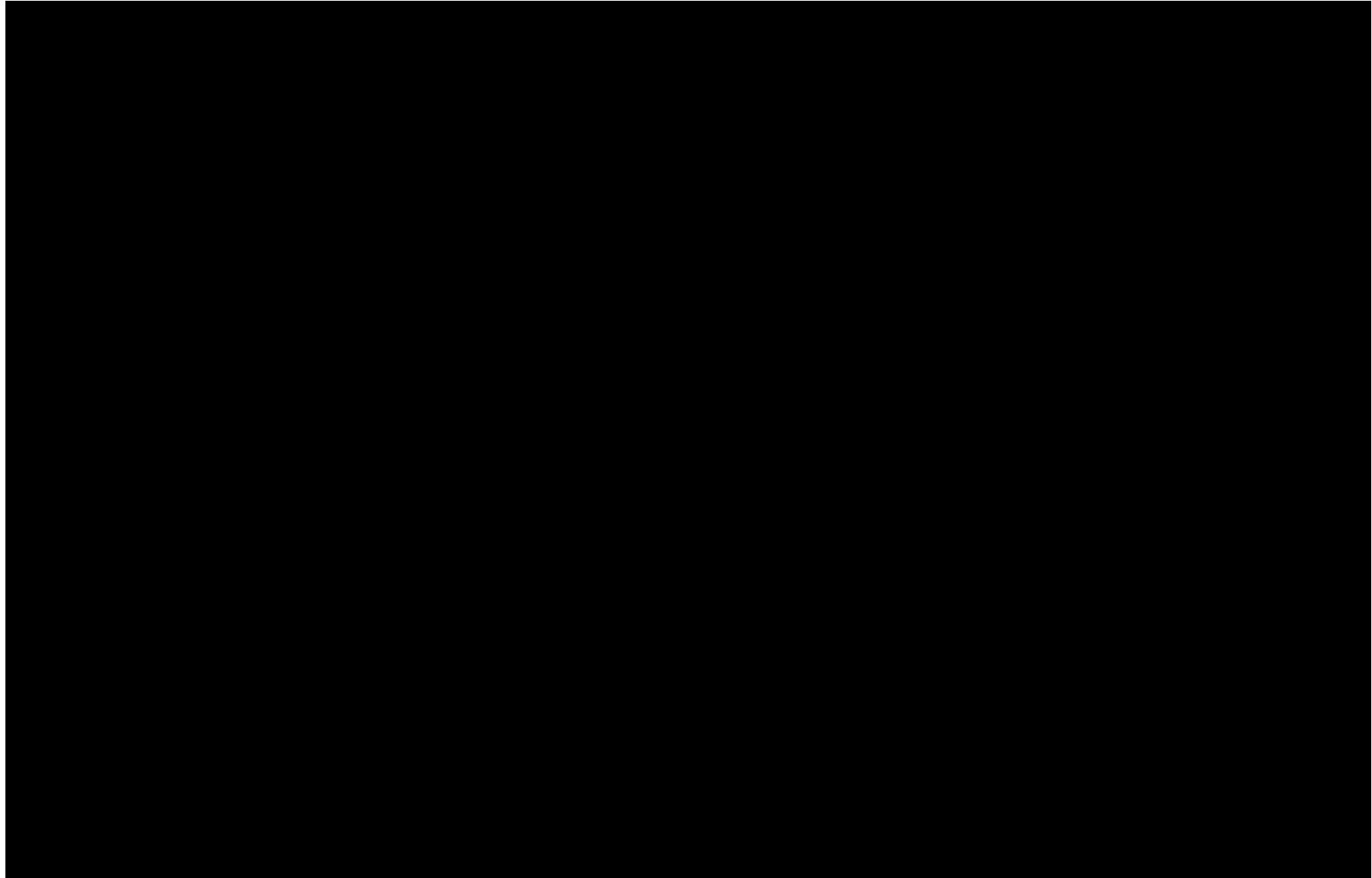
Monica Davis

Frank Wagner

Doris Zhang

Google Confidential and Proprietary

Google has a well-articulated compensation philosophy

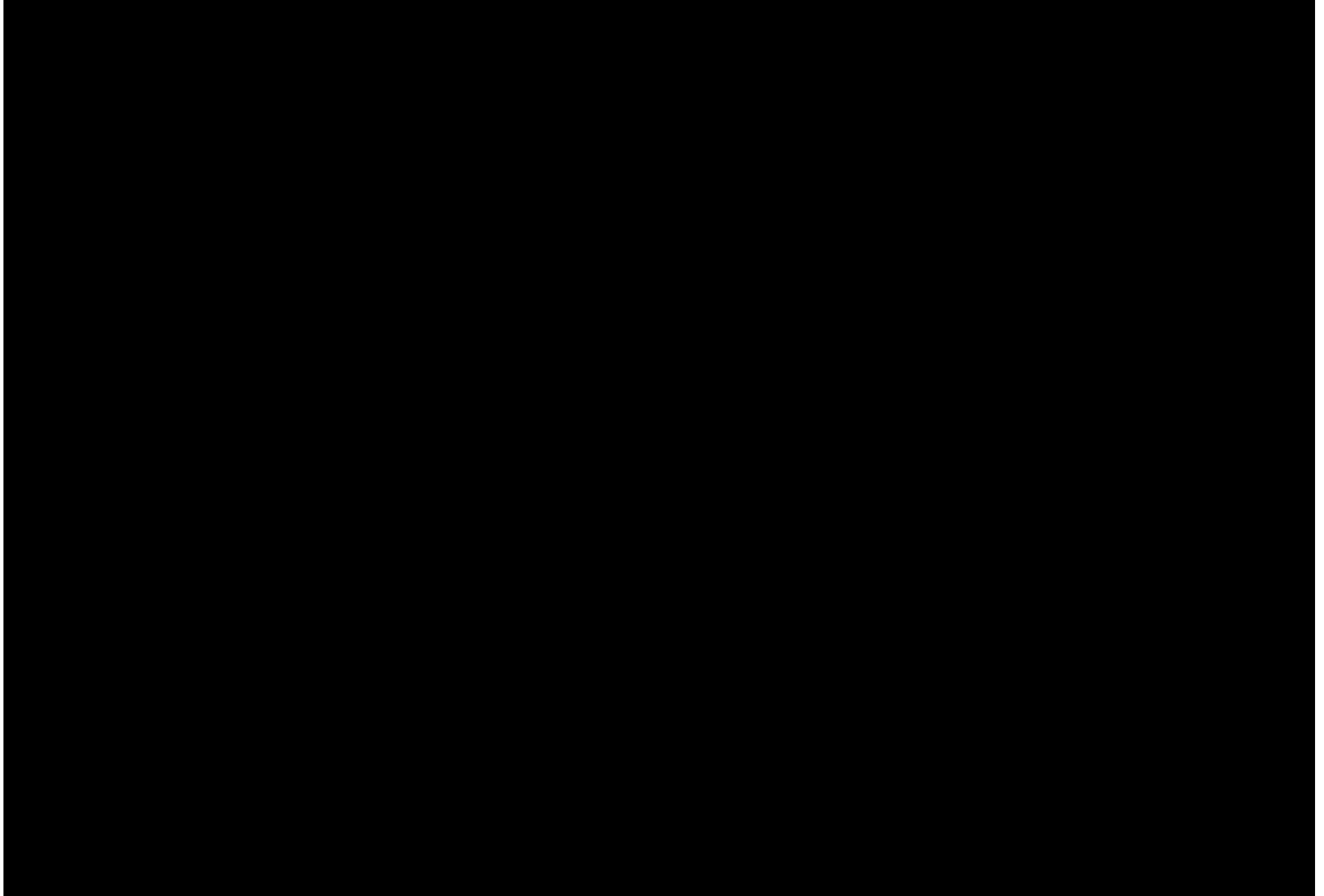


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A look under the hood: [REDACTED]



Step 1: Conduct internal Google research to obtain understanding of the Google business



To accurately benchmark Google's job family to the market, Compensation researches the Google job family structure and job content via:

- Review of Google's job family documentation (e.g., job family descriptions, job ladder "deep-dive" docs)
- Working with Engineering leaders
- Analyzing incumbent Googler data (previous employer, work experience, levelling)
- Research of comparable roles in the market

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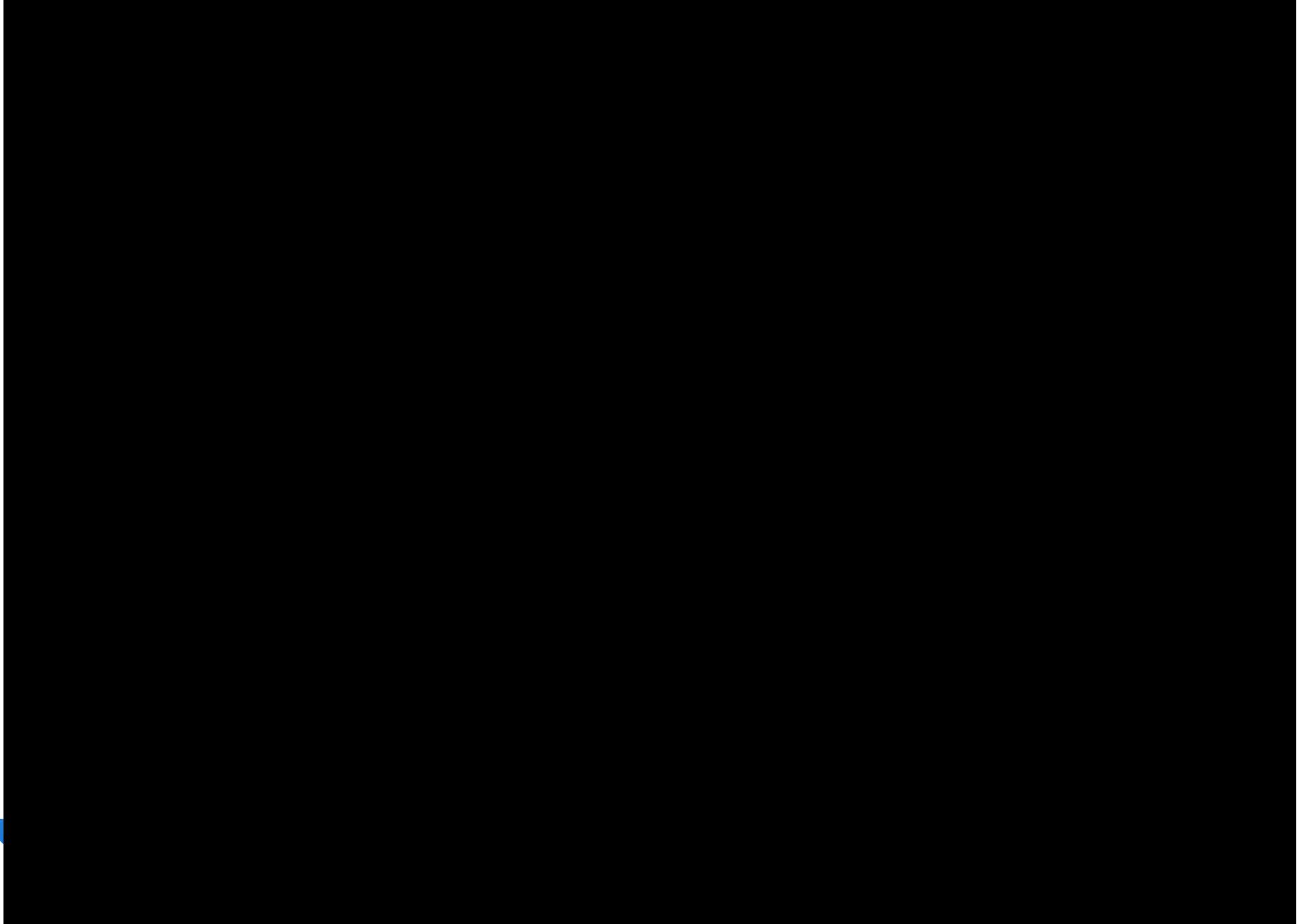
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/

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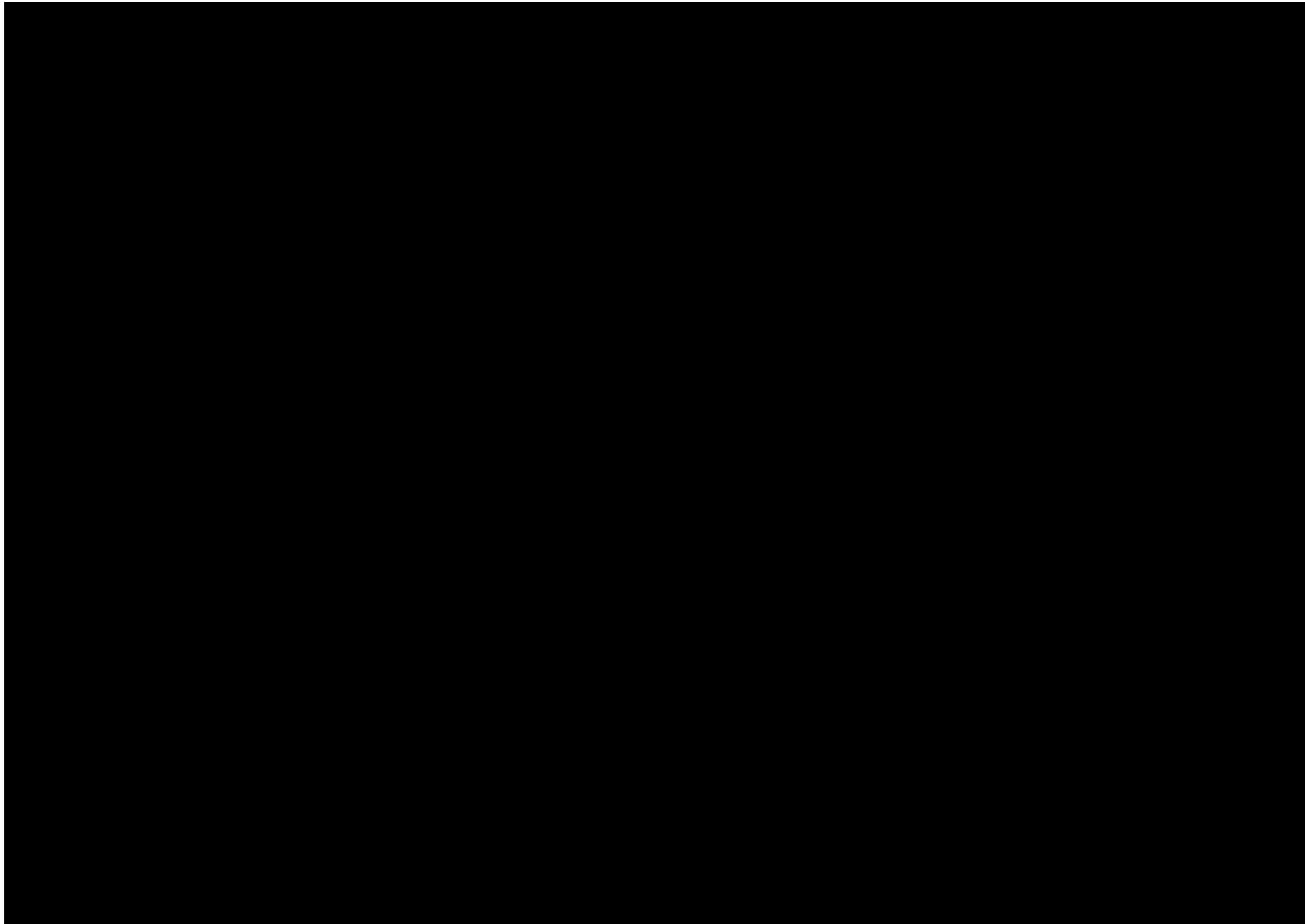
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Roles during the benchmarking process

1. Eng/Ops Business Leader

- Review and approve Google job family description and job ladder
- Review and approve Google to Survey job family matches / benchmarking methodology
- Determine whether job family matches / benchmarking methodology should be applied globally
- [REDACTED]

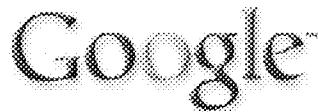
2. HR Business Partner

- Provide Compensation job family description and relevant Google employee data for review
- Liaison for Compensation and Eng/Ops business throughout review process
- Socialize benchmarking methodology with relevant Eng/Ops business contacts

3. Compensation Team

- Facilitate job family benchmarking exercise
- Provide suggestions for Google to Survey job family matches / benchmarking methodology
- Implement approved job family matches / benchmarking methodology

Exhibit C



Revised Compensation Proposal

Authors: Eric Schaffer, Jason Grishkoff, Laszlo Bock, Matt Kunzweiler and Prasad Setty

SUMMARY

On 13-Oct-2010, we presented a compensation philosophy proposal to the LDCC and full Board. [REDACTED] The proposal also better aligns our cash compensation ([REDACTED]) with our top-of-market talent.

The Board provided feedback on three key issues. After further deliberation, Management resolved to implement our original cash compensation plan for the broad employee base and executives, [REDACTED] ([REDACTED]). The original and updated proposals are detailed below:

RESPONSES TO BOARD FEEDBACK

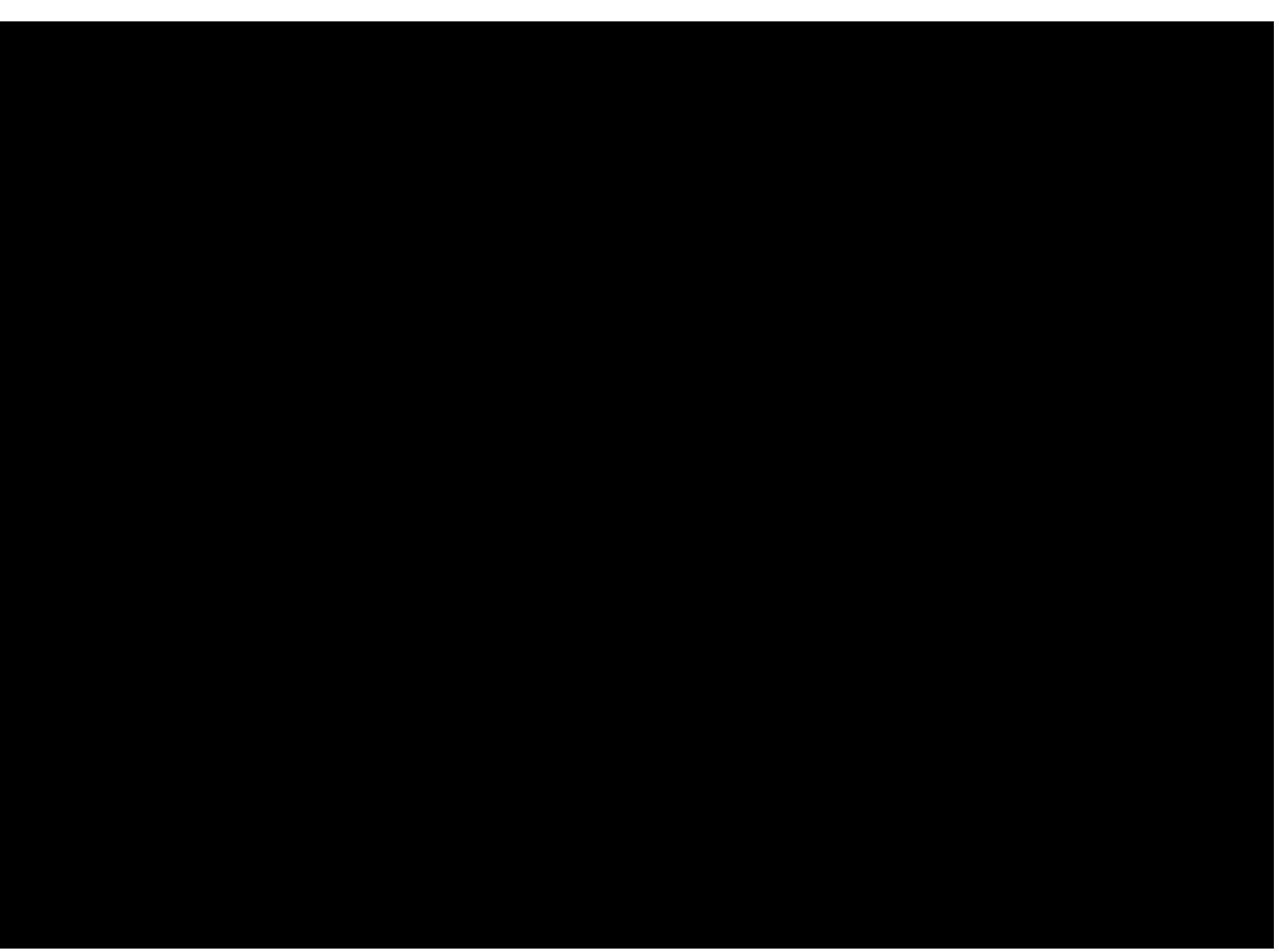
1. The salary increases that apply to all Googlers (flat 10% increase)

The net result of these changes is illustrated in the chart below.

Based on the Board's guidance to

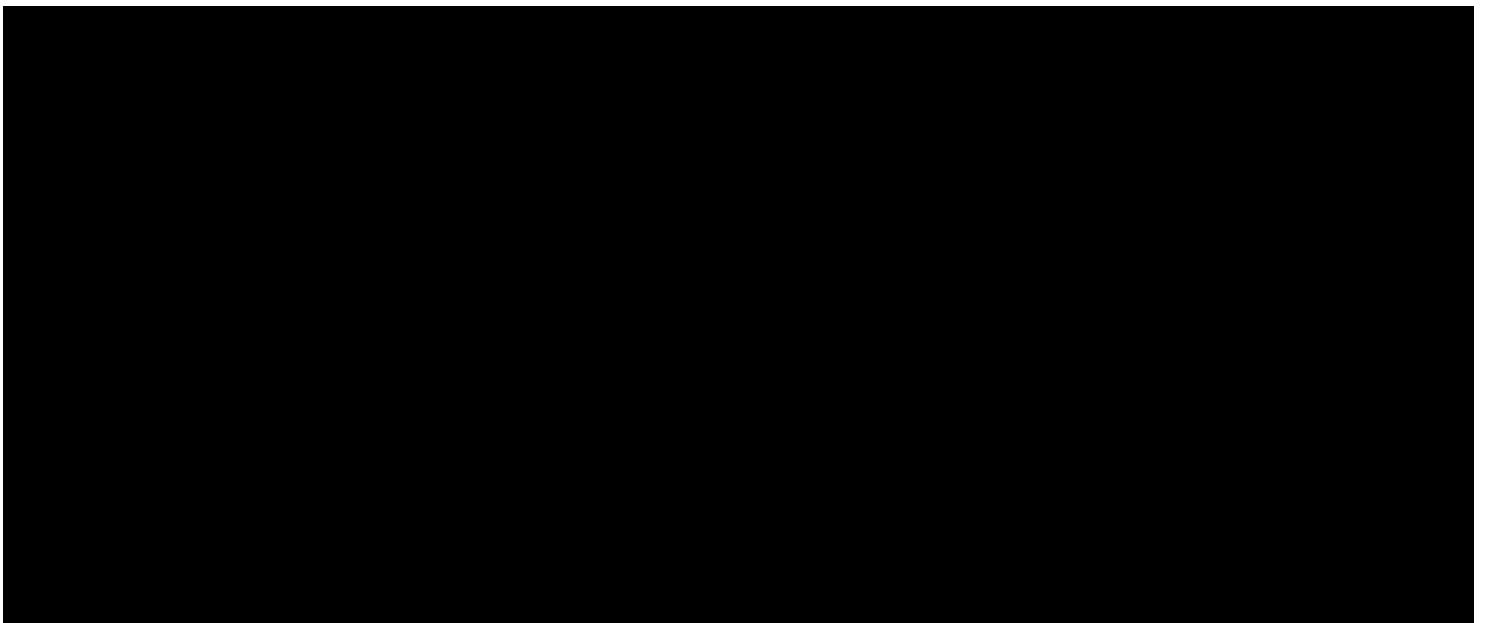
- **Phase one** – implement cash compensation changes as proposed, effective 1-Jan-2011

1. <http://techcrunch.com/2010/10/14/is-the-valley-falling-out-of-love-with-options/>



PROPOSAL FOR VPs AND SVPs

Proposed Changes to Cash Compensation



(values in \$000s)

	Current			With Compensation Changes							
	Bonus	Total Cash Comp.	Target	Estimated	Total Cash Compensation	Target	Estimated				
Base	%	\$	Actuals \$	Base	%	Bonus	Target	Estimated	Actuals \$	%	Incr.

Redacted - Not Responsive

Redacted